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June 24, 2002

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington, D C 20552

Attention: Docket No. 2002-17

To Whom It May Concern:

The Spokane Low Income Housing Consortium supports changing the Office of Thrift Supervision's (OTS) regulations implementing the Alternative Mortgage Transaction Parity Act (AMPTA) to disallow state-chartered thrifts and independent mortgage companies from exempting themselves from state limits on prepayment penalties and late fees on alternative mortgages. We encourage OTS to make this change in the AMPTA regulations, and implement it as soon as possible after the close of the public comment period.

The Spokane area is experiencing an unprecedented number of home foreclosures, one home is foreclosed upon for every five homes sold. The dynamics of our market area (low paying jobs, stagnant home prices and aggressive subprime lenders) has led to situation where our most vulnerable homeowners (low-income families with no equity in their homes) are losing their homes through foreclosure.

As the number of subprime lenders making loans in the Spokane area has increased in recent years, so has the loss of homes through foreclosure. Changing the AMPTA regulations to make state-chartered thrifts and independent mortgage companies subject to limits on prepayment penalties and late fees will help reduce this loss of homes through foreclosure.

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In 1993, subprime lenders made 3% of the first mortgages in the Spokane area, by 2000 their share had increased to 42% of the first mortgages. The share of subprime refinance and second mortgages in the Spokane area increased from 21% to 52% during this same period. Many of these subprime loans have prepayment penalties of 5% or more, preventing low-income borrowers from refinancing to a more affordable loan. The borrowers are "locked-in" to high loan payments, and excessive fees for late payments, that eventually lead them to default. A review of 2 more than 230 of the homes foreclosed upon in 2000 in Spokane showed that 48% of had a subprime loan. Changes to AMPTA regulations regarding prepayment penalties and late fees will significantly reduce the risk of families losing their homes through foreclosure in the Spokane area.

By making this change in the regulation of state-chartered thrifts and independent mortgage companies, the OTS has an opportunity to reflect the changes in the marketplace, (e.g. most states allow adjustable rate mortgages, increase in subprime lending), that have occurred since 1996, in policy. We, along with other members of the National Community Reinvestment Coalition, strongly encourage the OTS to implement the proposed change as soon as possible.

Sincerely,



Marj Dahlstrom
Executive Director